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Fifth Committee**Summary record of the 18th meeting**

Held at Headquarters, New York, on Monday, 29 November 2010, at 10 a.m.

Chair: Mr. Soomro (Vice-Chair)..... (Pakistan)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Ms. McLurg

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In the absence of Mr. Rosenthal (Guatemala), Mr. Soomro (Pakistan), Vice-Chair, took the Chair.

The meeting was called to order at 10.10 a.m.

Agenda item 129: Programme budget for the biennium 2010-2011 (continued)

Information and communication technology, enterprise resource planning and International Public Sector Accounting Standards (A/65/308, A/65/389, A/65/491, A/65/576 and A/65/577)

1. **Mr. Yamazaki** (Controller), introducing the report of the Secretary-General on the status of implementation of the information and communications technology (ICT) strategy for the United Nations Secretariat (A/65/491), said that the goal of the ICT strategy was to maximize the value of ICT across the global Secretariat in order to increase the Organization's effectiveness and efficiency in delivering services. The main thrusts of the strategy were to overcome the difficulties attributable to a highly fragmented ICT environment and to build strategic ICT capabilities by introducing improved systems, tools and methods. The Secretariat had made significant progress in implementing the various aspects of the ICT strategy approved by the General Assembly in December 2008. The ICT management structure was fully operational and a number of high-impact projects, including Umoja, were being implemented under three strategic programmes in the areas of knowledge management, resource management and infrastructure management. Progress had not been easy, however, because while the Office of Information and Communications Technology had been established in a budget- and staff-neutral manner, its mandate had been significantly broadened and the demand for its services had increased exponentially. Despite the challenges, a comprehensive structural review of ICT capacities across the Organization had been completed, as requested by the General Assembly. That exercise had provided, for the first time, a transparent view of all ICT resources and capacities across the Secretariat and had helped to identify areas that required further improvement.

2. Based on the structural review, the Secretary-General was proposing that four projects should be undertaken to substantially improve the Organization's global ICT operations. Three projects, to globalize service desks, streamline data centres and rationalize ICT organization, were intended to address the existing

fragmentation of ICT activities and resources, while the fourth project, to strengthen the Office of Information and Communications Technology, was aimed at establishing mechanisms that would prevent future fragmentation through better planning and coordination, while increasing the transparency of ICT capacities.

3. It was to be hoped that Member States, despite the current economic climate, would support the implementation of the ICT strategy, in particular by providing the necessary resources for the four critical projects proposed, which could produce significant qualitative and quantitative benefits for the Organization.

4. The second progress report on the enterprise resource planning (ERP) project and revised estimates under section 28A, Office of the Under-Secretary-General for Management, of the programme budget for the biennium 2010-2011 and under the support account for peacekeeping operations (A/65/389) described the progress made and challenges faced in the implementation of the ERP project, known as Umoja, in 2010. Umoja was the cornerstone of United Nations administrative reform and represented a unique opportunity to transform how the Organization delivered its mandates. In accordance with the "pilot first" option endorsed by the General Assembly, the complete Umoja solution would be rolled out at a pilot site in 2012, prior to its deployment across the Organization as a whole. The future administrative operating model for the United Nations had been designed in 2010 and would be configured to the technical specifications of the future software system in 2011; the solution would then be prototyped, tested and refined.

5. Member States were requested to continue to support the implementation of the Umoja project. While the Umoja team had endeavoured to run the project at lower cost in the last year and was looking for opportunities to reduce cost projections, in accordance with the General Assembly's request for lower-cost options (resolution 64/243, para. 113), it was not possible to make dramatic cuts at the current stage without substantially altering the plan and approach that had been approved by the Assembly. The overall projected level of funding was currently unchanged at some \$315 million over the life of the project.

6. The third progress report on the adoption of the International Public Sector Accounting Standards

(IPSAS) by the United Nations (A/65/308) detailed the progress made towards IPSAS implementation for the period from 1 August 2009 to 31 July 2010. The system-wide IPSAS adoption project, under the auspices of the High-Level Committee on Management, had provided guidance and support to United Nations organizations through initiatives including policy coordination, accounting guidance, technical information exchange, centralized development of training, engagement with external auditors, and sharing of implementation experiences. Many challenges in the implementation of IPSAS had been faced across the United Nations system, as detailed in paragraph 27 of the report; however, numerous initiatives had been taken, in such areas as project governance, IPSAS policy development and change management, to address those challenges and ensure full implementation of IPSAS by 2014. The World Food Programme had successfully implemented the Standards in 2008; eight organizations aimed to implement them in 2010, two in 2011, nine in 2012 and two in 2014.

7. Close collaboration with the Umoja project, with a particular focus on synchronizing the strategies and timelines for implementation of IPSAS and Umoja; progressive implementation of IPSAS requirements to the extent permitted by current systems and accounting standards; and active engagement with the Board of Auditors were other significant developments highlighted in the report.

8. **Ms. McLurg** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on information and communications technology (A/65/576), said that she welcomed the progress made towards completion of the design phase of the Umoja project. While the project remained on track to be completed by the end of 2013 within the projected resource requirements and timeline, the high level of vacancies in the project team was a concern. Such vacancies should be filled as a matter of priority. Efficient and speedy procedures for the selection of subject matter experts were also needed. Furthermore, the Advisory Committee recommended approval of the Secretary-General's proposals to address gaps identified in the ERP team structure, especially in terms of strengthening in-house capacity and transferring knowledge from consultants to programme and project staff.

9. The Secretary-General had not presented options for lowering the cost of the project, as requested by the General Assembly, but had proposed a number of measures to contain costs. The Advisory Committee noted that opportunities existed for partnering with other United Nations entities and sharing costs through the development of common solutions.

10. The Secretary-General should provide an inventory of the systems that could be replaced by the ERP system. The ERP team should collaborate with other ICT units in producing such an inventory, and planning for the decommissioning of the systems in question should be coordinated by the Office of Information and Communications Technology. There was also a need for greater collaboration with the Office as the project moved from the design phase to the build phase, since the ERP system would, upon completion, be maintained under the Office's resource management programme. The ERP system should be viewed as the central Organization-wide system of record and the authoritative data source for all key data related to the management of human, financial and physical resources.

11. Turning to the status of implementation of the ICT strategy, she said that the progress made in relation to the ICT management framework and the three strategic programmes of the Office of Information and Communications Technology, as well as the efforts under way towards system-wide harmonization, were to be commended. The Advisory Committee also welcomed the comprehensive structural review, and emphasized the role of a strong, central and independent Office of Information and Communications Technology to reverse the current fragmentation of the ICT environment.

12. With regard to the four projects proposed by the Secretary-General in the wake of the structural review, the Advisory Committee recommended that the Secretary-General should be authorized to proceed with project 3, to rationalize the ICT organization, since establishing clear job boundaries, determining where ICT activities were to be performed and developing a global staffing model were prerequisites for the necessary organizational changes to the ICT management structure. The Advisory Committee further recommended that the Secretary-General should review the prioritization and the phasing of the remaining projects and present alternative implementation approaches in the context of the proposed programme

budget for the biennium 2012-2013. Pending consideration of those proposals, the Secretary-General should pursue project 1, to globalize service desks, and should be authorized to proceed with the project activities planned for 2011. With regard to project 4, to strengthen the Office of Information and Communications Technology, the Advisory Committee considered that the Secretary-General should take a more gradual approach to building ICT capacity in the Organization, which would ideally involve the redeployment of resources released as a result of efficiency gains; it recommended that general temporary assistance equivalent to seven P-4 positions should be provided as additional capacity for the Office of Information and Communications Technology pending the submission of alternative proposals. All additional requirements should be provided from within the approved resources for the biennium 2010-2011 and actual expenditure should be reported in the second performance report.

13. The Advisory Committee recommended that the General Assembly should take note of the Secretary-General's third progress report on the adoption of IPSAS (A/65/308).

14. **Mr. Al-Shahari** (Yemen), speaking on behalf of the Group of 77 and China, said that the Group, which fully recognized the need for a sound ICT infrastructure to improve the Organization's efficiency, effectiveness, transparency and accountability, welcomed the provision of a more detailed timeline for the Umoja project and the progress made towards completion of its design phase. While implementation of Umoja was a complex endeavour, Member States had already provided resources and strong political backing for the project. As long as resources continued to be approved for the project, responsibility for its effective realization lay solely with management and, more specifically, the Secretary-General, who, given the comprehensive and cross-cutting nature of the project, should exert his leadership and involve himself directly in its execution. In that regard, the Group noted with concern that only 46 of the 80 staffing positions approved for the project had been filled as at 31 August 2010. The Secretary-General should fill the vacancies as a matter of urgency, with due respect for existing recruitment rules.

15. The Group welcomed the ICT structural review that had been conducted. However, it noted that the reports of the Secretary-General on the ERP project

(A/65/389) and the status of implementation of the ICT strategy (A/65/491) seemed to have been prepared in an uncoordinated fashion. For example, while the report on the ERP project pointed out that some 690 systems could be replaced by Umoja, it was not clear how that had been taken into account in the proposed project to rationalize the ICT organization, described in the report on the ICT strategy. In fact, all four of the projects proposed in that report were presented as completely unrelated to the ERP project.

16. The Group, noting that the Organization's annualized ICT budget was estimated at \$774 million, with a total ICT staff count of 4,219, and that the Secretary-General had requested another \$140 million for further ICT initiatives, in addition to the estimated resource requirements of \$316 million for the implementation of the ERP system, expressed serious concern that many substantive areas of the Organization were chronically underfunded, adversely affecting the implementation of mandates. Recalling that savings achieved as a result of efficiency measures were to be transferred to the Development Account, pursuant to General Assembly resolution 54/15, he also expressed concern at the Secretary-General's statement that resources made available as a result of efficiency gains could be reallocated to higher-value ICT functions.

17. The Secretary-General had not provided a solid rationale to justify the current placement of the Office of Information and Communications Technology in the structure of the Organization. The request for additional resources under project 4 proved that the original proposal, approved by the General Assembly at its sixty-third session, was not viable and should be re-examined. Furthermore, the Group sought clarification of the information provided to the Advisory Committee by the Office of Information and Communications Technology indicating that only structural review projects 4 and 3 were of first priority. It was regrettable that the Secretary-General had presented proposals on projects that were not considered to be of the highest priority, apparently as a bargaining position to "negotiate" with Member States. Such an approach undermined the trust of Member States in the Secretary-General's future proposals.

18. While the Group stressed the need to take into account the specificities of ICT requirements in field missions and cautioned against a strategy that would lead to excessive centralization, it also encouraged the Secretary-General to seek further opportunities for

synergies and the adoption of common solutions, procedures and standards across the United Nations system, as mandated by the General Assembly in its resolution 64/289.

19. The Organization should use the implementation of IPSAS as an opportunity to overcome some of the problems in its current accounting system. For example, the Standards should be uniformly applied throughout the United Nations system so that the financial statements of different entities would be consistent and comparable. The Secretary-General, as Chairman of the United Nations System Chief Executives Board for Coordination (CEB), should continue to coordinate all aspects of the transition to IPSAS. A comprehensive training strategy for staff was needed in order to minimize the considerable risks involved in the transition process. Lastly, the timetable for implementation of IPSAS should be realistic and synchronized with the introduction of the new ERP system. As delays in the implementation of Umoja would have a direct impact on IPSAS, the Secretary-General should make every effort to ensure that the proposed timetable for Umoja was followed.

20. **Mr. De Preter** (Belgium), speaking on behalf of the European Union; the candidate countries Croatia and the former Yugoslav Republic of Macedonia; the stabilization and association process countries Montenegro and Serbia; and, in addition, Georgia, the Republic of Moldova and Ukraine, said that the European Union welcomed the Secretariat's work to date on the Umoja project, which represented an opportunity to enhance the Organization's effectiveness and efficiency through streamlined information management and business processes. Sustained and long-term commitment would be vital for Organization-wide acceptance of the new system and realization of its benefits.

21. The European Union also welcomed the work being done by the IPSAS Task Force in managing emerging accounting policy diversity among organizations. That would facilitate comparisons of financial information across the different organizations of the United Nations system.

22. The European Union, recognizing the importance of an Organization-wide ICT strategy, welcomed and encouraged efforts to seek further opportunities for synergies and for the adoption of common standards and solutions across the United Nations system.

However, it had questions about the details of the projects being proposed, and wondered why the Secretary-General had presented the proposal in an off-budget year. The European Union reiterated the importance of avoiding a piecemeal approach that substantially increased an already approved programme budget. It therefore concurred with the Advisory Committee that the resource requirements for the ICT proposal should have been introduced in the context of the proposed programme budgets for 2012-2013 and 2014-2015.

23. **Mr. Gürber** (Switzerland), speaking also on behalf of Liechtenstein, said that the two delegations welcomed the considerable progress made during the design phase of the ERP project. They trusted that the project would remain on track and within budget or even below budget. They also encouraged the Umoja team to continue to explore cross-cutting issues and opportunities for interaction with a view to improving the Secretariat's administrative functions and service delivery, which would add further value to the new solution. The two delegations welcomed the Secretary-General's proposal to redeploy resources from contractual services in order to meet additional requirements for temporary posts in a cost-neutral manner. In that connection, they urged the Secretariat to take all necessary measures to accelerate recruitment.

24. Convinced that ICT was key to improving the effectiveness of United Nations management, the two delegations welcomed the progress made since the adoption of General Assembly resolution 63/262. However, the findings of the structural review, which highlighted the fragmentation of ICT efforts throughout the Organization, showed that although the creation of the Office of Information and Communications Technology had been a first step in the right direction, much remained to be done. The Office should take the lead and bring together all decentralized ICT resources in order to develop and implement harmonized ICT solutions across the entire Organization. The two delegations welcomed, in principle, the Secretary-General's proposals to address the problems highlighted by the structural review; however, the four projects must be planned and sequenced wisely in order to reduce up-front costs while achieving benefits in the most urgent areas. The Advisory Committee's recommendations were a good starting point for discussions in that regard.

25. Concerning the timetable for the adoption of IPSAS by the United Nations Secretariat, the two delegations would not accept another postponement beyond 2014. The successful integration of IPSAS into the Umoja project was crucial for implementation of the Standards.

26. **Mr. Tan** (Singapore) said that his delegation supported the Secretary-General's ICT strategy and welcomed the solutions proposed to address the shortcomings identified by the structural review. At the same time, the Organization's long-term strategic needs should be borne in mind and all proposals should be carefully scrutinized and prioritized in order to ensure the selection and funding of those able to deliver the best outcomes.

27. His delegation was pleased to note that Umoja was still on track to be deployed within the time frame projected in the first progress report (A/64/380). The necessary mechanisms and personnel should be put in place to realize the initiative's benefits as soon as possible. The need for a shared vision for Umoja among all United Nations staff and an active long-term commitment from all its stakeholders should also be stressed. His delegation concurred with the Advisory Committee that the sustained commitment of the Secretary-General, the Management Committee and the Project Steering Committee would be required in order to facilitate Organization-wide adaptation to change and improved methods of work. The success of the Umoja project would therefore hinge on strong leadership to generate support and cooperation at all levels of the Organization.

28. The adoption of IPSAS represented a step towards improving governance, accountability and transparency in the United Nations system. The proposed strategy of progressive incorporation of IPSAS requirements into existing United Nations accounting standards and information systems was a balanced and practical approach that could facilitate a smooth transition to IPSAS and clarify IPSAS-related requirements for the ERP system. That said, the adoption of IPSAS was also somewhat dependent on the progress made towards the implementation of Umoja; continued close coordination and alignment of activities between the two projects was therefore needed to ensure that they were implemented within the established timelines.

29. **Mr. Lieberman** (United States of America) said that his delegation welcomed the progress made by the Umoja team and its continued efforts to find ways of lowering costs, as requested by the General Assembly. Successful implementation of the Umoja project would enable the Organization to greatly improve its mandate delivery at Headquarters and in the field. In that connection, the timely recruitment of staff and subject matter experts was crucial if Umoja was to be deployed on time and within budget. His delegation also agreed with the Advisory Committee that the technical standards of Umoja and the Office of Information and Communications Technology should be aligned, and that the respective roles and responsibilities of the ERP Technical Management Team, the Office of Information and Communications Technology and the Information and Communications Technology Division of the Department of Field Support might need to be reviewed and clarified. The Secretary-General should, as a matter of priority, make every effort to fill vacancies and ensure that Umoja received full support from all parts of the Organization.

30. An effective and coherent United Nations ICT system was of fundamental importance to support the Organization's daily operational needs, facilitate the implementation of vital business improvement projects such as Umoja, and manage knowledge for delivery to the global community. With regard to the findings of the structural review, his delegation agreed that greater transparency was needed to improve the management of ICT resources and concurred with the Advisory Committee that the unique ICT requirements of field missions, particularly with regard to communication activities, should be taken into account in the ICT strategy. A coordinated approach was needed to facilitate the seamless delivery of essential services.

31. His delegation was cautiously optimistic about the projects proposed by the Secretary-General. Project 3 was fundamental for improving human resources planning, ICT staff management and productivity; it also had significant potential as a means of enhancing cost-effectiveness. Projects 1 and 2 were pragmatic and necessary responses to the duplication of roles and responsibilities within the Secretariat. His delegation concurred with the Advisory Committee that the redeployment of resources released as a result of efficiency gains was a sound approach to strengthening the Office of Information and Communications Technology, undertaking project 3 and planning for

project 1. His delegation would be proposing that the Chief Information Technology Officer should develop a thorough plan of action, including a complete budget, detailed timeline and quantifiable benchmarks for monitoring progress and improvements, before any project was launched.

32. **Mr. Okochi (Japan)** said that his delegation welcomed the Secretary-General's initiative in conducting a structural review of the Organization's ICT capacities. Steps should be taken to address the fragmentation, inconsistent processes, duplication of effort and lack of integration highlighted by that review. Reforms should not, however, be undertaken for their own sake but should be based on a sound cost-benefit analysis and placed in the context of the overall discussion of the Organization's budget. In an off-budget year, the General Assembly's approval should in principle be sought only for urgent high-priority projects with fully demonstrated benefits.

33. In order to determine the real benefits of the proposed structural review projects, it was critical to know how the staff resources released as a result of efficiency gains would be used. In that regard, his delegation was not entirely reassured by the Secretariat's explanation that all such staff would be redeployed towards higher-value ICT functions or other substantive activities. The outcome of the review requested by the Advisory Committee on the prioritization and phasing of structural review projects should therefore include a feasible and efficiency-oriented plan to address the deployment of staff resources released through implementation of the projects.

34. **Mr. Kim Yoon-sang (Republic of Korea)** said that ICT systems were no longer a luxury but a necessary means of enabling the Secretariat to adapt to ever-changing environments and avoid lagging behind other organizations. The crucial importance of timely investments in and implementation of various ICT initiatives should therefore be stressed. The short-term cost savings that might be obtained by delaying such investments would come at the expense of much larger efficiency gains over the long term. The General Assembly should therefore provide the Secretariat with the guidance it needed to improve the Organization's efficiency and effectiveness.

35. With regard to the establishment and implementation of Organization-wide ICT standards and activities, the Chief Information Technology

Officer should show strong leadership to ensure efficient utilization of resources and an improvement in the ICT environment. Furthermore, he should increase his efforts to coordinate the different needs and interests within the Secretariat and cooperate with other United Nations organizations. The full support of all relevant departments and missions, and all other United Nations organizations, was also crucial in establishing globally integrated, transparent and accountable ICT systems.

36. The Secretariat was to be commended for its ICT structural review. However, the fact that the current ICT environment had been found to be highly fragmented, non-standardized, duplicated, decentralized and lacking in client orientation was a matter of concern. His delegation would carefully review the four projects proposed by the Secretary-General and would compare the immediate costs with future benefits in order to determine whether the requested resources were appropriate.

37. His delegation noted that considerable progress had been made with regard to the ERP project. It welcomed the Secretary-General's initiative regarding the proposed redeployment of resources from contractual services to posts, which would enable some previously outsourced functions to be executed more effectively and efficiently by in-house staff and would therefore result in budget savings of some \$1.7 million. His delegation would carefully review the proposed increase in project staffing.

38. **Mr. Pankin (Russian Federation)** said that improving ICT to meet the Organization's needs and strengthen decision-making and cooperation with partners was essential. Overall, the Organization spent more than \$832 million annually on ICT and employed over 4,000 staff in that sector. Those figures reflected the priority that Member States attached to modernizing the United Nations.

39. Despite the high volume of investments, Member States were now being told that additional expenditure was required to streamline the Organization's ICT architecture, without which further optimization of outputs and efficiency could not be achieved. Such assertions were disconcerting, given that the existing architecture had been developed by the relevant specialized offices of the Secretariat over a period of years and had been touted as optimal for the United Nations. It was also unfortunate that, in a breach of

financial discipline, the funding requests were being made outside the normal budget cycle.

40. The projected annual efficiency gains of \$71.3 million to \$101.8 million from the proposed ICT initiatives and the estimated quantitative benefits of \$134 million to \$224 million from the Umoja project were based on arbitrary projections that did not reflect the current trends and future requirements of United Nations mandates, including peacekeeping mandates. Given that administrative functions made up a large part of all United Nations activity, ICT and ERP reforms should reduce the administrative burden and costs. To determine the actual benefits of the proposed reforms it was necessary to quantify the administrative resources they would free up; it would be for the General Assembly to decide how those resources should be used.

Other matters

41. **Ms. Sánchez Lorenzo** (Cuba) said that her delegation called for an end to the irresponsible use of phrases such as "within existing resources" during negotiations on various draft resolutions in other Main Committees of the General Assembly. Such phrases were used almost exclusively in relation to draft resolutions that were sponsored by developing countries and aimed at fostering United Nations cooperation with those most in need, thereby strengthening the Organization's development pillar; none of those initiatives were very costly. The delegations that used that phrase did little to curb the uncontrollable growth in add-ons requested for special political missions, which now accounted for 76.4 per cent of total projected add-ons to the regular budget, to the detriment of activities promoting economic and social development in countries of the South.

42. Her delegation recalled the provisions of General Assembly resolution 45/248 B, section VI, as well as the Advisory Committee's conclusions and recommendations on the matter, which had been endorsed by the General Assembly. Delegations which sought to use such phrases to block the adoption of draft resolutions sponsored by developing countries were well aware that they were overstepping the mandates of the substantive Committees. In that regard, it was unacceptable that Cuba and other members of the Group of 77 and China should be branded as "consensus blockers" when they demanded respect for the Fifth Committee's administrative and

budgetary mandate. At the same time, the senior Secretariat officials responsible for reporting to the Assembly should provide comprehensive, accurate and realistic resource estimates.

The meeting rose at 11.25 a.m.